

OCEANUS INDUSTRIES
(BAHAMAS) LIMITED

Canopy

Toronto
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CONSOLIDATED
STATEMENTS

MARCH 31, 1975

OCEANUS INDUSTRIES (BAHAMAS) LIMITED

(Incorporated under the Laws of Ontario)

CONSOLIDATED BALANCE SHEET

as at March 31, 1975

(with comparative figures for 1974)

(Expressed in United States dollars)

ASSETS	1975	1974
Current assets		
Cash and short-term deposits	\$ 93,531	\$ 279,105
Accounts receivable	233,745	375,097
Notes receivable	469,333	—
Inventories, at lower of cost and net realizable value	152,777	242,333
Prepaid expenses and deposits	43,347	55,879
	<u>992,733</u>	<u>952,414</u>
9% promissory note	266,667	—
Property, plant and equipment, at cost less accumulated depreciation (Note 2) . . .	3,617,587	5,822,778
Excess cost of shares in consolidated companies over value assigned to their tangible assets	229,319	229,319
	<u><u>\$5,106,306</u></u>	<u><u>\$7,004,511</u></u>

CONSOLIDATED BALANCE SHEET

as at March 31, 1975

(with comparative figures for 1974)

(Expressed in United States dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	<u>1975</u>	<u>1974</u>
Current liabilities		
Bank indebtedness	\$ 267,187	\$ 167,901
Accounts payable and accrued	432,515	830,290
Current portion of long-term debt (Note 3)	219,275	162,178
	<u>918,977</u>	<u>1,160,369</u>
Long-term debt—non current portion (Note 3)	1,906,889	3,041,201
Minority interest	136,951	142,194
Shareholders' equity (Note 4)		
Capital stock		
Authorized		
7,000 7% non cumulative, redeemable, convertible voting		
preference shares with a par value of \$100 each		
1,250,000 common shares without par value		
Issued and fully paid 5,610 preference shares	554,279	554,279
563,668 common shares	3,241,687	3,241,687
	<u>3,795,966</u>	<u>3,795,966</u>
Deficit	1,652,477	1,135,219
	<u>2,143,489</u>	<u>2,660,747</u>
	<u>\$5,106,306</u>	<u>\$7,004,511</u>

OCEANUS INDUSTRIES (BAHAMAS) LIMITED

(Incorporated under the Laws of Ontario)

CONSOLIDATED STATEMENT OF EARNINGS for the six months ended March 31, 1975 (with comparative figures for 1974) (Expressed in United States dollars)

	<u>1975</u>	<u>1974</u>
Gross Revenue from operations	\$1,221,597	\$1,750,294
Profit from operations after deducting operating expenses but before providing for the undernoted items	214,666	290,536
Executive remuneration	45,704	56,861
Depreciation	112,519	174,373
Interest on long-term debt	96,017	173,555
	254,240	404,789
Net loss from operations	39,574	114,253
Minority interest in profits of subsidiaries	5,660	6,120
Loss before extraordinary item	45,234	120,373
Net loss on sale of investments	152,192	—
Loss for the period	<u>\$ 197,426</u>	<u>\$ 120,373</u>

CONSOLIDATED STATEMENT OF DEFICIT for the six months ended March 31, 1975 (with comparative figures for 1974) (Expressed in United States dollars)

	<u>1975</u>	<u>1974</u>
Balance at beginning of period	\$1,455,051	\$1,014,846
Add loss for the period	197,426	120,373
Balance at end of period	<u>\$1,652,477</u>	<u>\$1,135,219</u>

CONSOLIDATED STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS
for the six months ended March 31, 1975

(with comparative figures for 1974)

(Expressed in United States dollars)

	<u>1975</u>	<u>1974</u>
Sources of funds		
From operations		
Loss for the period	\$ 197,426	\$ 120,373
Amount charged against operations not requiring an outlay of funds		
Depreciation	112,519	174,373
Minority interest in profits of subsidiaries	5,660	6,120
	<u>(79,247)</u>	<u>60,120</u>
Proceeds from disposal of fixed assets	1,911,217	48,469
	<u>1,831,970</u>	<u>108,589</u>
Applications of funds		
Expenditures for property, plant and equipment	115,686	43,134
Reduction in long-term debt	935,778	235,635
Reduction in minority interest	15,728	—
9% promissory note	266,667	—
	<u>1,333,859</u>	<u>278,769</u>
Net increase (decrease) in working capital	498,111	(170,180)
Working capital (deficiency) beginning of period	(424,355)	(37,775)
Working capital (deficiency) end of period	<u>\$ 73,756</u>	<u>\$ (207,955)</u>

OCEANUS INDUSTRIES (BAHAMAS) LIMITED

(Incorporated under the Laws of Ontario)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1975

(Expressed in United States dollars)

1. Principles of consolidation

The consolidated financial statements include the accounts of all Subsidiaries.

Accounts, other than United States dollar accounts, have been translated at the following rates:

- (a) current assets and current liabilities, Bahamian and Canadian dollars at par
- (b) fixed assets, long-term debt, share capital and deficit at the rate in effect on the date of acquisition, incurrence or issue
- (c) revenue and expenses at par except for depreciation, which is at the rate of the respective fixed asset.

2. Property, plant and equipment

	<u>1975</u>	<u>1974</u>
At cost		
Land and land improvements	\$ 23,167	\$ 28,841
Buildings, leasehold and licenses	95,849	378,523
Equipment	306,101	345,731
Hotel properties	4,913,968	7,831,315
	<u>5,339,085</u>	<u>8,584,410</u>
Accumulated depreciation	1,721,498	2,761,632
	<u>\$3,617,587</u>	<u>\$5,822,778</u>

3. Long-term debt

	<u>1975</u>	<u>1974</u>
Issued by Oceanus Industries (Bahamas) Limited — 6 1/2% sinking fund debentures, Series A, maturing March 1, 1977, a sinking fund payment of \$35,000 (Cdn.) is due on March 1, of each year . . .	\$ 385,987	\$ 388,483
Hotels 9% first mortgages Sun & Sea Estates Limited	1,545,424	1,554,795
Oceanus Hotel Limited	—	735,004
Payable in blended monthly instalments commencing March 1, 1974 for a period of seven years (1974-1981) but based on a fifteen year amortization. The remaining principal is due in a lump sum on March 1, 1981. As at March 31, 1975 interest in arrears amounts to \$114,419.		
Issued by Equity Development Corporation Limited loan from Roy West Banking Corporation Limited payable in equal quarterly instalments of \$20,200 which commenced March 31, 1973.		
Interest at a minimum rate of 7%	155,713	309,910
Sundry	39,040	215,187
	<u>2,126,164</u>	<u>3,203,379</u>
Current portion of long-term debt	219,275	162,178
	<u>\$1,906,889</u>	<u>\$3,041,201</u>

NOTES — Continued

4. Shareholders' equity

The trust deed relating to the 6 1/2% sinking fund debentures, Series A, restricts the payment of dividends on common shares unless consolidated earned surplus of the company and its subsidiaries is in excess of \$500,000 (Cdn.).

On May 17, 1972, the directors approved the grant of stock options to certain officers of the company for an aggregate of 28,000 shares, exercisable in respect of all or any portion of the optioned shares at any time or from time to time on or before May 1, 1977 at an option price of \$1.80 (Cdn.) per share.

5. Financing

In order to provide adequate financing of future operations the company is presently negotiating the sale of certain assets.

